

**AUDITED FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTAL INFORMATION
OTHER FINANCIAL INFORMATION
AND SUPPLEMENTAL REPORTS**

**TOWNSHIP OF BESSEMER - RAMSAY, MI
GOGEBIC COUNTY
March 31, 2007**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Bessemer Township	County Gogebic
Fiscal Year End 3/31/2007	Opinion Date 7/24/2007	Date Audit Report Submitted to State 8/21/2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).


YES NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☒ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Roger J. Kolehmainen PC CPA		Telephone Number (906) 932-3600	
Street Address 1445 East Cloverland Drive		City Ironwood	State MI
Authorizing CPA Signature 		Zip 49938	License Number 1617066
Printed Name Roger J. Kolehmainen			

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MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Year ended March 31, 2007

Management's Discussion and Analysis

This section of the Township of Bessemer's (Township) annual financial report presents our discussion and analysis of the Township's financial performance during the year ended March 31, 2007. It is to be read in conjunction with the Township's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Government* and is intended to provide the financial results for the fiscal year ending March 31, 2007.

Government-wide Financial Statements

The Government-wide financial statements appear first in the financial report. These financial statements include the statement of net assets and the statement of activities. They report information about the Township as a whole. The statements are prepared using the accrual basis of accounting which is the accounting used by most private sector businesses. The statement of net assets includes all of the Township's assets and liabilities except fiduciary funds. All current year revenues and expenses are reported in the statement of activities. The two statements report the governmental activities of the Township that include all services performed by the Township. These activities are funded mostly by State revenue sharing, property taxes and charges for services.

The statement of net assets, as stated previously, shows the Township's assets and liabilities. The corresponding balance between the amounts calculates the net assets or deficit of the Township. This statement measures the financial strength of the Township; the greater the net asset figure, the healthier the Township generally is. This shows if the Township will be able to fund their current obligations and shows what they have available for future use.

The statement of activities shows the current year change in net assets on revenue less expense basis. It generally shows the operating results for a given year of the Township. Any excess of revenues over expenditures results in a surplus for the year that in turn increases the net assets (or reduces a deficit) available to fund future needs of the Township. Any deficiency of revenues over expenditures results in a deficit for the year that in turn reduces the net assets (or increases a deficit) of the Township.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Fund Financial Statements

The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. In the basic financial statements, the emphasis of the fund financial statements is on major funds. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the Township's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In order to provide the reader with information to better understand the long-term impact of the government's near-term financing decisions, a reconciliation between the government-wide financial statements is included as part of the basic financial statements.

The Township maintains one governmental fund, which is the general fund. The Township adopts an annual budget for its general fund. To demonstrate compliance with this budget, a budgetary comparison statement has been provided for the general fund and is included in the "Required Supplemental Information" section of this report.

Proprietary Funds

Proprietary Funds provide services for which the Township charges customers a fee. The Township has four proprietary fund types- enterprise funds. The enterprise funds of the Township are used to report the same functions as the business-type activities in the government-wide financial statements. The Water and Sewer Funds is presented in both the government-wide financial statements and the fund financial statements and is considered a major fund. Enterprise funds are used to account for operations very similar to business enterprises, where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefits of parties outside the government. The fiduciary fund for the Township is the Tax Collection Fund. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. This fund is presented separately in the fund financial statements section of the basic financial statements.

Notes to Financial Statements

Notes to the financial statements are included in the financial statements, and provide additional information that is essential for a full understanding of the data provide in the government-wide and the fund financial statements.

Government-wide Financial Statements-Condensed Financial Information

Statement of Net Assets

The following is a condensed statement of net assets with a detailed analysis of the statement below as of March 31, 2007 and 2006.

	Governmental	<u>March 31, 2007</u> Business-Type	
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current Assets:			
Cash and other assets	\$401,011	\$249,287	\$650,298
Other assets	99,375	113,473	212,848
Non-current Assets			
Restricted cash	173,542	39,067	212,609
Capital Assets, net	573,516	958,564	1,532,080
TOTAL ASSETS	<u>\$1,247,444</u>	<u>\$1,360,391</u>	<u>\$2,607,835</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

	<u>March 31, 2007</u>		
	Governmental	Business-Type	
LIABILITIES	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current Liabilities	\$79,629	\$32,073	\$111,702
Non-current Liabilities	31,298	379,500	410,798
TOTAL LIABILITIES	110,927	411,573	522,500
NET ASSETS			
Investment in capital assets net of related debt	573,516	572,564	1,146,080
Restricted	173,542	39,067	212,609
Unrestricted	389,459	337,187	726,646
TOTAL NET ASSETS	1,136,517	948,818	2,085,335
TOTAL LIABILITIES AND NET ASSETS	\$1,247,444	\$1,360,391	\$2,607,835

For governmental activities, net assets increased by \$63,549 during the fiscal year. For business-type activities, net assets increased by \$78,671 during the year.

	<u>March 31, 2006</u>		
	Governmental	Business-Type	
ASSETS	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Current Assets:			
Cash and other assets	\$380,500	\$209,431	\$589,931
Other assets	115,865	86,934	202,799
Non-current Assets			
Restricted cash	127,118	31,828	158,946
Capital Assets, net	539,083	979,296	1,518,379
TOTAL ASSETS	\$1,162,566	\$1,307,489	\$2,470,055
LIABILITIES			
Current Liabilities	\$54,155	\$50,342	\$104,497
Non-current Liabilities	35,443	387,000	422,443
TOTAL LIABILITIES	89,598	437,342	526,940
NET ASSETS			
Investment in capital assets net of related debt	496,718	587,796	1,084,514
Restricted	127,118	31,828	158,946
Unrestricted	449,132	250,523	699,655
TOTAL NET ASSETS	1,072,968	870,147	1,943,115
TOTAL LIABILITIES AND NET ASSETS	\$1,162,566	\$1,307,489	\$2,470,055

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

Statement of Activities

The results of operations for Bessemer Township as a whole are reported in the statement of activities. This statement reports the changes in net assets for both governmental and business-type activities. The following is a condensed statement of activities for the years ended March 31, 2007 and 2006.

	Governmental	March 31, 2007 Business-Type	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
REVENUES			
Program Revenue:			
Charges for services	\$33,562	\$371,717	\$405,279
General Revenue:			
Property taxes	314,707		314,707
Other income	4,452	15,489	19,941
Unrestricted grants	107,895		107,895
Interest income	20,520	6,561	27,081
Total Revenue	\$481,136	\$393,767	\$874,903
EXPENSES:			
General Government	\$239,020		\$239,020
Public Safety	33,549		33,549
Public Works	121,024		121,024
Recreation and Culture	8,371		8,371
Other Expenses	15,623		15,623
Total Expenses	\$417,587	\$	\$417,587
Business-Type Activities:			
Water & Sewer Expenses		\$315,096	\$315,096
Increase (Decrease) in Net Assets	\$63,549	\$78,671	\$142,220
Net Assets, Beginning of Year	1,072,968	870,147	1,943,115
Net Assets, End of Year	\$1,136,517	\$948,818	\$2,085,335

MANAGEMENT'S DISCUSSION AND ANALYSIS
TOWNSHIP OF BESSEMER

		<u>March 31, 2006</u>	
	<u>Governmental</u>	<u>Business-Type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
REVENUES			
Program Revenue:			
Charges for services	\$37,277	\$308,341	\$345,618
General Revenue:			
Property taxes	299,876		299,876
Other income	8,146		8,146
Unrestricted grants	126,161		126,161
Interest income	8,526	3,742	12,268
Total Revenue	<u>\$479,986</u>	<u>\$312,083</u>	<u>\$792,069</u>
EXPENSES:			
General Government	\$220,122		\$220,122
Public Safety	47,935		47,935
Public Works	71,692		71,692
Recreation and Culture	21,645		21,645
Other Expenses	42,969		42,969
Total Expenses	<u>\$404,363</u>	<u>\$</u>	<u>\$404,363</u>
Business-Type Activities:			
Water & Sewer Expenses		\$331,531	\$331,531
Increase (Decrease) in Net Assets	\$75,623	(\$19,448)	\$56,175
Net Assets, Beginning of Year	998,735	889,595	1,888,330
Net Assets, End of Year	<u>\$1,072,968</u>	<u>\$870,147</u>	<u>\$1,943,115</u>

Governmental Activities

Property taxes and other tax revenues comprise \$314,707 or approximately 65 percent of total governmental revenues. The Township also collected \$33,562 for services provided. And, at year end the Township reported \$107,895 in grants not restricted for specific purposes. This amount was due to revenue sharing from the State of Michigan and comprises 22 percent of total governmental revenues.

The Township expended \$417,587 on governmental programs and services. Some of the largest expense categories were for general government and public works where \$239,020 (57%) and \$121,024 (29%), respectively, were reported.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Business-Type Activities

Business-type activities increased the Township's net assets by \$78,671. Charges for services for water and sewer activities for the year were \$371,717 and expenditures amounted to \$315,096. Besides water and contractual services, the Township's financial commitment to Gogebic Range Water Authority for administrative support and debt service payments amounted to \$53,846. Also, the Township Board raised water and sewer rates to offset rising costs and to increase our cash reserves

Financial Analysis of Governmental Funds

As previously noted, the Township uses fund accounting to ensure and demonstrate compliance with finance-related requirement.

Governmental Funds

The focus of the Township's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. The Township's general fund balance sheet reported a fund balances of \$603,386 of which \$173,542 is reserved and the remaining \$429,844 is available for spending at the government's discretion.

On the budgetary basis of accounting, the Township ended the year with revenues, 7 % greater than budgeted with expenditures being less than 24% amount budgeted. This resulted in \$25,972 being added to the general fund balance.

Proprietary Fund

The Township's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Sewer Funds as of March 31, 2007 were \$64,618 and \$272,569 respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF BESSEMER

Capital Assets and Debt Administration

The Township's investment in capital assets, net of accumulated depreciation for its governmental and business-type activities as of March 31, 2007 was \$1,532,080.

Major capital expenditures for governmental funds were for Township's infrastructure right of way improvements on County Roads, which required a local match of \$36,888; office equipment additions of \$12,569 and the letting of a contract at year end to repair a garage wall and roof in the amount of \$19,140.

Other major capital improvements were noted in the Water Fund in creating a loop system at a cost of \$25,341. The work is to continue in the current year.

The Township had \$410,798 of long-term liabilities at March 31, 2007. This amount consists of \$386,000 of a revenue bond payable as described in Note M to the financial statements; \$34,279 lease/purchase financing contract as described in Note M to the financial statements and \$6,106 of accrued paid time off benefits payable to employees as described in Note L to the financial statements.

Other Economic Factors and Next Years Budget

Economic Factors

Currently, the State of Michigan is experiencing a severe budgetary crisis. As such, it is anticipated that future state cuts will likely translate into strategic reductions of Township expenses to maintain a sound budget. Despite the poor outlook of the state's budget, the Township will continue to strive to provide good social and cultural conditions that support healthy families and maintain a safe and clean community in which to live.

Request for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Township Supervisor
Township of Bessemer
PO Box 304
Ramsay, MI 49959

Roger J. Kolehmainen CPA PC
1445 East Cloverland Drive
Ironwood, MI 49938
(906) 932-3600

INDEPENDENT AUDITOR'S REPORT

Supervisor and Members of the Board
Township of Bessemer
Ramsay, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Township of Bessemer as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit provides a reasonable basis in our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Township of Bessemer as of March 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated July 24, 2007, on our consideration of Township of Bessemer's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 9 are not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bessemer's basic financial statements. The accompanying Other Financial Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



Roger J. Kolehmainen PC
Certified Public Accountant

Ironwood, Michigan
July 24, 2007

TOWNSHIP OF BESSEMER
STATEMENT OF NET ASSETS
March 31, 2007

	<u>Government Activities</u>	<u>Business – type Activities</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$401,011	\$249,287	\$650,298
Accounts receivable-net	39,440	86,023	125,463
Delinquent taxes receivable	30,627		30,627
Due from other funds	17,939	8,924	26,863
Deferred charges	5,303	458	5,761
Inventory (at cost)	6,066	18,068	24,134
TOTAL CURRENT ASSETS	\$500,386	\$362,760	\$863,146
NON-CURRENT ASSETS			
Restricted cash	173,542	39,067	212,609
Capital assets	1,182,225	1,923,113	3,105,338
Accumulated depreciation	(608,709)	(964,549)	(1,573,258)
TOTAL NON-CURRENT ASSETS	747,058	997,631	1,744,689
TOTAL ASSETS	\$1,247,444	\$1,360,391	\$2,607,835
LIABILITIES			
Current Liabilities:			
Accounts payable	\$53,666	\$18,223	\$71,889
Accrued wages/taxes	7,952	1,558	9,510
Accrued interest payable		5,792	5,792
Due to other funds	8,924		8,924
Current maturity on long-term debt	9,087	6,500	15,587
TOTAL CURRENT LIABILITIES	\$79,629	\$32,073	\$111,702
NON-CURRENT LIABILITIES			
Lease purchase	34,279		34,279
Bonds payable		386,000	386,000
Accrued compensated absences	6,106		6,106
Current maturity on long-term debt	(9,087)	(6,500)	(15,587)
TOTAL NON-CURRENT LIABILITIES	31,298	379,500	410,798
TOTAL LIABILITIES	\$110,927	\$411,573	\$522,500
NET ASSETS			
Investment in capital assets, net of related debt	\$573,516	\$572,564	\$1,146,080
Reserved	173,542	39,067	212,609
Unreserved	389,459	337,187	726,646
TOTAL NET ASSETS	\$1,136,517	\$948,818	\$2,085,335
TOTAL LIABILITIES AND NET ASSETS	\$1,247,444	\$1,360,391	\$2,607,835

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF ACTIVITIES
Year Ended MARCH 31, 2007

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue</u>
Governmental Activities			
General government	\$239,020	\$2,975	(\$236,045)
Public safety	33,549	4,400	(29,149)
Public works	121,024	26,187	(94,837)
Recreation and culture	8,371		(8,371)
Other	15,623		(15,623)
Total Governmental Activities	<u>\$417,587</u>	<u>\$33,562</u>	<u>(\$384,025)</u>
Business-type Activities			
Water	\$207,009	\$263,524	56,515
Sewer	108,087	108,193	106
Total Business – type Activities	<u>\$315,096</u>	<u>\$371,717</u>	<u>\$56,621</u>
Total	<u>\$732,683</u>	<u>\$405,279</u>	<u>(\$327,404)</u>

Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business – type Activities</u>	<u>Total</u>
Net (Expense) Revenue	(\$384,025)	\$56,621	(\$327,404)
General Revenues:			
Property taxes	314,707		314,707
State-Shared revenues	107,895		107,895
Investment income	20,520	6,561	27,081
Other income	4,452	15,489	19,941
Total General Revenues	<u>\$447,574</u>	<u>22,050</u>	<u>\$469,624</u>
Changes in Net Assets	<u>\$63,549</u>	<u>\$78,671</u>	<u>\$142,220</u>
Net Assets at Beginning of Year	<u>1,072,968</u>	<u>870,147</u>	<u>1,943,115</u>
Net Assets at End of Year	<u>\$1,136,517</u>	<u>\$948,818</u>	<u>\$2,085,335</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
BALANCE SHEET
GENERAL FUND
March 31, 2007

ASSETS

Current Assets:	
Cash and cash equivalents	\$401,011
Accounts receivable-net	39,440
Delinquent taxes receivable	30,627
Due from other funds	17,939
Deferred charges	5,303
Inventory (at cost)	6,066
	<hr/>
TOTAL CURRENT ASSETS	\$500,386

NON-CURRENT ASSETS

Restricted cash	173,542
	<hr/>
TOTAL NON-CURRENT ASSETS	173,542
	<hr/>
TOTAL ASSETS	\$673,928

LIABILITIES

Current Liabilities	
Accounts payable	\$53,666
Accrued wages/taxes	7,952
Due to other funds	8,924
	<hr/>
TOTAL CURRENT LIABILITIES	\$70,542
	<hr/>
TOTAL LIABILITIES	\$70,542

FUND EQUITY

Reserved	173,542
Unreserved	429,844
	<hr/>
TOTAL FUND BALANCES	\$603,386
	<hr/>
TOTAL LIABILITIES AND FUND BALANCES	\$673,928

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total Fund Balances for Governmental Funds	\$603,386
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds, net of accumulated depreciation of :	573,516
Long-term liabilities, compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Lease purchase agreement	(6,106)
	<hr/>
NET ASSETS OF GOVERNMENTAL ACTIVITIES	(34,279)
	<hr/>
	\$1,136,517

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GENERAL FUND
Year ended March 31, 2007

REVENUES:

Taxes	\$278,006
Other taxes	11,993
Tax administrative fees	24,708
Licenses and permits	4,400
Rentals	2,975
Federal shared revenues	3,244
State shared revenues	107,895
Charges for services	22,943
Interest	20,520
Other revenue	4,452
	<hr/> \$481,136

EXPENDITURES

Legislative	\$69,833
General government	186,225
Public safety	31,618
Public works	139,928
Recreation and culture	3,851
Other	23,709
	<hr/> \$455,164

EXCESS OF REVENUES (EXPENDITURES)	25,972
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OTHER FINANCING SOURCES (USES)

Transfers to/from other funds	<hr/>
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EXCESS OF REVENUES EXPENDITURES) AND OTHER FINANCING USES	\$25,972
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Fund Balance at 3/31/2006	577,414
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FUND BALANCE MARCH 31, 2007	<u><u>\$603,386</u></u>
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The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
RECONCILIATION OF THE GENERAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
WITH THE STATEMENT OF ACTIVITIES

March 31, 2007

Net change in fund balances – Total Governmental Funds	\$25,972
--	----------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	68,597
Depreciation expense	(34,164)

Repayment of lease/purchase principal payment is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net assets and does not effect the statement of activities	8,086
--	-------

In the Statement of Activities, operating expenses for compensated absences are measured by amounts earned during the year while the governmental funds report expenditures as amounts paid. The amount earned for the year exceeded the amount paid.	(4,942)
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Change in Net Assets of Governmental Activities	<u>\$63,549</u>
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The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
STATEMENT OF NET ASSETS-PROPRIETARY FUNDS
March 31, 2007

	Business type Activities- Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Totals</u>
	<u>Fund</u>	<u>Funds</u>	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$50,053	\$199,234	\$249,287
Accounts receivable-net	60,304	25,719	86,023
Due from other funds	5,429	58,209	63,638
Deferred charges	166	292	458
Inventory (at cost)	18,068		18,068
Total Current Assets	134,020	283,454	417,474
RESTRICTED ASSETS:			
Cash		39,067	39,067
Total Restricted Assets		39,067	39,067
NONCURRENT ASSETS:			
Property, plant and equipment	166,750	1,756,363	1,923,113
Accumulated depreciation	(127,678)	(836,871)	(964,549)
Total Non-Current Assets	39,072	919,492	958,564
TOTAL ASSETS	\$173,092	\$1,242,013	\$1,415,105
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable	\$16,171	\$2,053	\$18,224
Accrued wages/taxes	1,444	114	1,558
Accrued interest payable		5,792	5,792
Due to other funds	51,787	2,926	54,713
Current maturity on long-term debt		6,500	6,500
Total Current Liabilities	69,402	17,385	86,787
LONG TERM LIABILITIES			
Revenue bonds payable		386,000	386,000
Less current maturity on long-term debt		(6,500)	(6,500)
TOTAL LIABILITIES	69,402	396,885	466,287
NET ASSETS:			
Investment in capital assets, net of related debt	39,072	533,492	572,564
Reserved		39,067	39,067
Unreserved	64,618	272,569	337,187
TOTAL NET ASSETS	103,690	845,128	948,818
TOTAL LIABILITIES AND NET ASSETS	\$173,092	\$1,242,013	\$1,415,105

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN
NET ASSETS - PROPRIETARY FUNDS TYPE
Year ended March 31, 2007

	<u>Water Fund</u>	<u>Sewer Funds</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$252,866	\$108,193	\$361,059
Other revenues	10,658		10,658
Total Operating Revenues	263,524	108,193	371,717
Operating and administrative expenses:			
Wages and taxes	26,804	7,118	33,922
Water purchased/contract cost	87,867	19,417	107,284
Operating supplies/maintenance	9,114	4,173	13,287
Transportation	3,361	2,240	5,601
Utilities	6,961	6,141	13,102
Miscellaneous		84	84
Insurance	4,683	6,070	10,753
Administration	12,834	900	13,734
Contributions-GRWA	53,846		53,846
Provision for depreciation	1,539	44,534	46,073
Total Operating Expenses	207,009	90,677	297,686
Operating income (loss)	56,515	17,516	74,031
 Non-operating revenues (expenses)			
Interest income	775	5,785	6,560
Debt service/tap in fees	14,964	525	15,489
Bond interest expense		(17,409)	(17,409)
Net Income (loss) before Transfers	72,254	6,417	78,671
 Change in Net Assets	72,254	6,417	78,671
Net Assets - March 31, 2006	31,436	838,711	870,147
 NET ASSETS – MARCH 31, 2007	<u>\$103,690</u>	<u>\$845,128</u>	<u>\$948,818</u>

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS TYPES
Year ended March 31, 2007

	<u>Water Fund</u>	<u>Sewer Funds</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers/transfers	\$247,188	\$141,461	\$388,649
Payments to supplies	(205,037)	(69,994)	(275,031)
Payments to employees	(34,319)	(6,004)	(40,323)
Net Cash Provided (Used) by Operating Activities	7,832	65,463	73,295
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Tap in or debt service proceeds	14,964	525	15,489
Purchase of capital assets	(25,341)		(25,341)
Principal paid on bonds payable		(5,500)	(5,500)
Interest paid on bonds payable		(17,409)	(17,409)
Net Cash Provided (Used) for Capital and Related Financing Activities	(10,377)	(22,384)	(32,761)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received on investments	775	5,785	6,560
Net Cash Provided (Used) by Investing Activities	775	5,785	6,560
Net Increase (Decrease) in Cash	(1,770)	48,864	47,094
Cash and Cash Equivalents, March 31, 2006	51,823	189,437	241,260
CASH AND CASH EQUIVALENTS, March 31, 2007	\$50,053	\$238,301	\$288,354
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$56,515	\$17,516	\$74,031
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities:			
Depreciation/amortization	1,539	44,534	46,073
Change in assets and liabilities:			
Accounts receivable	(16,336)	(2,313)	(18,649)
Due from other funds	12,753	46,561	59,314
Inventory	(14,659)		(14,659)
Accrued interest income	100		100
Deferred charges	1,910	1,090	3,000
Accounts payable	3,084	(545)	2,539
Accrued wages/taxes	(518)	114	(404)
Accrued interest payable		(83)	(83)
Due to other funds	(36,556)	(41,411)	(77,967)
Net Cash Provided by Operating Activities	\$7,832	\$65,463	\$73,295

Noncash investing, capital and financing activities: None

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
Year ended March 31, 2007

ASSETS	
Cash and cash equivalents	\$30,204
Due from other funds	
TOTAL ASSETS	<u>\$30,204</u>
LIABILITIES	
Due to other funds	\$17,939
Due to others	12,265
TOTAL LIABILITIES	<u>\$30,204</u>

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Statement

The Township of Bessemer was organized in the late 1800's under the Northwest Ordinance of 1787. It operates under an elected Board of Trustees, which includes a supervisor, clerk and treasurer. The Township provides to its residents, services in many areas including public safety, highways and streets, sanitation, culture and recreation, planning and zoning, and general administrative services.

The Township's financial statements are in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Township the option of electing to apply FASB pronouncements issued after November 30, 1989. The Township has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

Reporting Entity

In conformity with accounting principles generally accepted in the United States of America, other autonomously operated governmental organizations are not considered to be part of the Township financial-reporting entity. The criteria established for determining the various governmental organizations to be included as component units in the Township's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements of the local school district; regional water authority; regional solid waste authority and regional waste water authorities are not included as component units in the financial statements of the Township. These various types of services are provided by separate governmental entities.

Basis of Presentation

The Statement of Net Assets and Statement of Activities display information about the reporting as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is place on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Township or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds in that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

General Fund - is the primary operating fund of the Township and always classified as a major fund. This fund is used to account for all financial resources except those legally or administratively required to be accounted for in another fund.

Proprietary Fund Types

Enterprise Funds – Water Supply and Sewer Disposal System Funds report operations that provide services, which are financed primarily by user charges, or activities where periodic measurement of net income is appropriate for capital maintenance, public policy, management control or other purposes. The funds are used to account for utility operations in a manner similar to private business enterprises. The intent of the Township is to recover operating expenses, including depreciation, through user charges.

Fiduciary Fund Type (Not included in government-wide statements)

Agency Funds – The Tax Collection Fund is used to account for assets held by the Township in a trustee capacity or as an agent for other governments and/or other funds. This fund is custodial in nature and does not involve measurement of results of operations.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

MAJOR AND NONMAJOR FUNDS

The governmental and enterprise funds of the Township are classified as major funds as follows:

<u>Fund</u>	<u>Brief Description</u>
<u>MAJOR FUNDS</u>	
1. General	See above for description.
2. Water	Account for revenues and expenses of providing Water services to the public.
3. Sewer	Account for revenues and expenses of providing Sewer services to the public.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year end except for State Shared Revenues collected after year end which are earmarked for the period under audit. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used.

ASSETS, LIABILITIES, AND EQUITY

Cash and Investments

For the purpose of the Statement of Net Assets, "cash, including time deposits" includes all demand, savings accounts, and certificates of deposits of the Township. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds within governmental activities are eliminated in the government-wide financial statements. Exceptions to this general rule are charges between the government’s water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. See Note G for details of interfund transactions, including receivables and payable at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes. Business-type activities report utilities earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include service revenue accruals since they are usually both measurable and available. Interest and investment earnings are recorded when accrued. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable compose the majority of proprietary fund receivables. No allowances for uncollectible accounts receivable are recognized since any delinquencies can be placed upon the tax roll.

Inventories

Inventories of Governmental Fund types operating supplies and Proprietary Fund (Water Fund) types are valued at cost and inventory is taken at year end by Township's representatives.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Fixed Assets

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets are defined by the government as assets with initial individual costs of \$2,000 and \$1,000 for capital betterments and equipment additions. All fixed assets are valued at historical costs or estimated cost, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Capital assets for proprietary funds are recognized on assets costing over \$500 and with a useful life of over three years. Infrastructure improvements have been capitalized as of April 1, 2004 when such capital improvements exceeded \$5,000.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets for governmental funds. Depreciation has been provided over the useful lives using the straight-line method of depreciation. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Buildings and improvements	40-50 Years
Utility Systems	40-50 Years
Machinery and Equipment	5-10 Years
Vehicles	5 Years
Infrastructure (ROW)	20 Years

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Reserved Assets

Reserved assets include cash and investments that are restricted as to their use. The primary restricted assets are related to cash accounts established to be used for capital projects and debt retirement.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes and bonds payable and accrued compensated absences. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary fund is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Government-wide Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statement

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved. Proprietary fund equity is classified the same as in the government-wide statements.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and components units that are controlled by or dependent on the Township's executive or legislative branches.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on the ensuing December 1. The Township bills and collects its own property taxes and also collects current rolls for the County and School District. The Township records delinquent real property taxes as revenue upon levy; since the County will sell tax notes and remits monies to the various units of government shortly after year end.

Budgets

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to April 1, the proposed budget for each budgetary fund is submitted to the Township Board for consideration. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held at the annual Township Board meeting to obtain taxpayers comments.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted prior to the fiscal year by the majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. Any revisions to the budgeted amounts must be approved by a majority vote of the Township Board.
7. Budget appropriations lapse at the end of each fiscal year.
8. Budgeted amounts presented in the financial statements are as originally adopted and amended by the Township Board.

Budgets are not required for the operations of the Proprietary Fund types.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Proprietary Fund Type consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Interest Expense

Interest on bonded indebtedness is recorded as expenditure as accrued.

Interest Receivables

Interest on investments is recorded as revenue in the year the interest is earned and is available to pay liabilities of the current period.

Due to and Due from Other Funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods, and/or services. It also includes are revenue and expenses not related to capital and related financing, non-capital financing, or investing activities.

Expenditures/Expenses

In government-wide financial statements, expenses are classified by function for governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds – By Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Proprietary Fund – By Operating and Non-operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

NOTE B - CASH

Statutes authorize the Township to deposit cash in financial institutions covered by federal depository insurance and to invest in obligations of the United States Treasury, agencies and instrumentalities; commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services: United States government or agency obligation repurchases agreements; bankers' acceptances of United States banks; certain mutual funds and certain common stocks. All deposits accounts are in the name of the Township and covered by depository insurance. Certificates of Deposit are recorded at cost and interest is recorded as accrued.

In accordance with GASB Statement No. 3, risk disclosure for bank deposits at March 31, 2007 are:

a.	Insured or collateralized with securities held by the entity or by its agent in the entities name.	\$345,857
b.	Collateralized with securities held by the pledging trust department or agent in the entity's name.	
c.	Uncollateralized (This includes any bank balance that is collateralized with securites held by the pledging financial institution, or by its trust department or agent buy not in the entity's name.	683,773
d.	Cash on hand	99
	Subtotal	<u>1,029,729</u>
	Less outstanding checks	<u>(11,155)</u>
	Balance at March 31, 2007	<u>\$1,018,574</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

The restricted assets consist of cash accounts restricted as follows:

General Fund	
Equipment replacement Account	\$133,813
Capitol improvements	39,728
Total	<u>\$173,541</u>
Anvil Sewer Fund	
Bond Reserve Account – to be	
Used for retirement of revenue bonds	\$11,534
Debt Retirement Account – to be	
Used for retirement of debt	940
Total	<u>\$12,474</u>
Ramsay Sewer Fund	
Bond Reserve Account to be	
Used for retirement of revenue bonds	\$12,833
Debt Retirement Account - to be	
Used for retirement of debt	14,670
Total	<u>\$27,503</u>

NOTE C - RECEIVABLES

Accounts receivable and related allowances for uncollectible as of March 31, 2007 are as follows:

<u>Fund</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
General Fund	\$70,067	\$	\$70,067
Water Fund	\$60,304	\$	\$60,304
West End Sewer	\$ 2,206	\$	\$ 2,206
Anvil Sewer	\$ 8,064	\$	\$ 8,064
Ramsay Sewer	\$15,449	\$	\$15,449

General Fund - generally consists of delinquent tax monies and administrative fees; state shared revenues; and reimbursable preliminary engineering fees on a water project.

Proprietary Funds – generally customer unpaid balances. Trade accounts receivable were comprised of the following at March 31, 2007.

Customer billing for the quarter ended March 2007	\$72,649
Delinquent billings	11,178
Total	<u>\$83,827</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Delinquent account balances are placed on tax rolls and can be a lien against real property. Receivables are considered to be fully collectible and accordingly, there is no allowance for doubtful accounts.

NOTE D - SUMMARY OF TAX ROLL

Following is a summary of the 2006 property tax roll:

	<u>Levy</u>	<u>Taxes Returned Delinquent</u>	<u>Net Collected</u>
Real/Personal			
Property taxes:			
County	\$333,536	\$30,806	\$302,730
School/SET	712,782	47,256	665,526
Township	285,002	29,945	255,057
CFR	22,378	4,777	17,601
SAD	7,009	294	6,715
Delinquent Utilities	6,239	4,432	1,807
Totals:	\$1,366,946	\$117,510	\$1,249,436

NOTE E - DELINQUENT TAX RECEIVABLE

The County of Gogebic purchases the delinquent real property taxes of the Township for the 2006 levied. The County intends to sell tax notes, the proceeds of which will be used to pay the Township for these delinquent taxes shortly after yearend. The delinquent real property taxes are recorded as current year tax revenues.

NOTE F - PUBLIC ACT 275 OF 1980 DISCLOSURE

The Township had no deficits in any funds as of March 31, 2007, which would require specific disclosure.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE G - INTERFUND RECEIVABLES AND PAYABLE

The amounts of interfund receivables and payable at March 31, 2007, are as follows:

<u>Funds</u>	<u>Interfund Receivable</u>	<u>Funds</u>	<u>Interfund Payable</u>
General-		General Fund-	
Tax Fund	\$17,939	West End Sewer	\$1,305
West End Sewer-		Anvil Sewer	1,154
General Fund	1,305	Water Fund	5,429
Water Fund	143	Ramsay Sewer	1,036
Anvil Sewer-		Water Fund-	
General Fund	1,154	Anvil Sewer	30,897
Water Fund	30,897	West End Sewer	143
Water Fund-		Ramsay Sewer	20,748
General Fund	5,429	West End Sewer -	
Ramsay Sewer-		Ramsay Sewer	2,926
General Fund	1,036	Tax Fund-	
Water Fund	20,748	General Fund	17,939
West End Sewer	2,926		
Totals	<u>\$81,577</u>	Totals	<u>\$81,577</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE H – CAPITAL ASSETS

A summary of changes in general fixed assets follow:

Governmental Activities	Balance at			Balance at
Capital Assets not Depreciated	March 31,	<u>Additions</u>	<u>Deletions</u>	March 31,
	<u>2006</u>			<u>2007</u>
Land	\$12,928	\$	\$	\$12,928
Capital Assets being Depreciated				
Buildings and improvements	430,130	19,140		449,270
Equipment, fixtures, furniture	507,425	12,569		519,994
Infrastructure	163,145	36,888		200,033
Subtotals	\$1,100,700	\$68,597	\$	\$1,169,297
Less Accumulated Depreciation	(574,545)	(34,164)		(608,709)
Net Capital Assets Being Depreciated	\$526,155	\$34,433		\$560,588
Net	<u>\$539,083</u>	<u>\$34,433</u>	<u>\$</u>	<u>\$573,516</u>

NOTE I - ENTERPRISE FUNDS – CAPITAL ASSETS

A summary of proprietary fund type property, plant and equipment at March 31, 2007 follows:

	Water Supply Fund:			
Business-Type Activities	Balance at			Balance at
Capital Assets not Depreciated	March 31,	<u>Additions</u>	<u>Deletions</u>	March 31,
	<u>2006</u>			<u>2007</u>
Land and land rights	\$5,001	\$	\$	\$5,001
Capital Assets being Depreciated				
Equipment	64,671			64,671
Utility plant	71,737	25,341		97,078
Subtotals	\$136,408	\$25,341	\$	\$161,749
Less Accumulated Depreciation	(126,139)	(1,539)		(127,678)
Net Capital Assets Being Depreciated	\$10,269	23,802		\$34,071
Net	<u>\$15,270</u>	<u>\$23,802</u>	<u>\$</u>	<u>\$39,072</u>

Depreciation is computed using the straight-line method.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Sewage Disposal System Funds:				
Business-Type Activities	Balance at March 31, <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance at March 31, <u>2007</u>
Capital Assets being Depreciated				
Equipment	\$6,024	\$	\$	\$6,024
Utility plant	1,750,339			1,750,339
Subtotals	\$1,756,363	\$	\$	\$1,756,363
Less Accumulated Depreciation	(792,337)	(44,534)		(836,871)
Net	\$964,026	(\$44,534)	\$	\$919,492

Depreciation is computed using the straight-line method.

NOTE J – JOINT VENTURES

GOGEBIC RANGE WATER AUTHORITY

Bessemer Township is a member of Gogebic Range Water Authority, which was created in 1977 by the Cities of Bessemer and Wakefield and the Townships of Bessemer, Wakefield and most recently the Charter Township of Ironwood joined. The purpose of the authority is to develop water sources for its members and others.

The governing board of the Authority consists of eleven members, two appointed by each of the constituent's municipalities and one at large member appointed by the board of directors. The members have no control over budgeting and financing other than the input of its two board members on the authority board. The Authority operates independent from its member municipalities and is not considered to be a component unit of the Township.

Separate financial statements of the Authority are available through their representatives at PO Box 445, Ramsay, Michigan. A condensed summary of the Authority's activities for the year ended June 30, 2006, is as follows:

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Total Assets	\$13,936,034
Total Liabilities	\$ 4,717,173
Total Equity	\$ 9,218,861
Total Operating Revenues	\$ 428,100
Capital Contributions	\$1,077,400
Total Operating Expenditures	\$ 284,058
Total Non Operating Expense	\$ 117,169
Net Increase in Equity	\$1,104,273
Authority debt is as follows:	
Current	\$ 109,397
Long Term	4,607,776
Total Debt	\$4,717,173

All debt of the Authority is expected to be paid by the revenues of the authority. On October 5, 2000, April 1, 2003 and September 15, 2004, the Authority issued Water System No. 1 Limited Tax General Obligation Bonds, Series 2000, 2003 and 2004. Series 2000, 2003 and 2004 were issued for \$2,833,000, \$1,339,000 and \$726,000 bearing interest rates of 4.5%, 3.25% and 4.275%, respectively. These were single issue bonds purchased by USDA-Rural Development.

The Authority charges Bessemer Township for water sold to them. Construction and related financing costs are allocated and billed by the Authority to the member municipalities. The Authority based upon percentage of participation by each member, developed on a project-by-project basis, bills charges for these services. The financial dependency for future debt retirement payments could be adjusted based on rate charges to each member for water consumed and/or system expansion/improvements.

The Township has granted a franchise agreement to the Authority to construct, operate and maintain a water supply and distribution system, together with the necessary structures and other work incidental thereto, within the jurisdictional boundaries of the Township of Bessemer. The initial term of the franchise shall be thirty (30) years with the option of renewal for additional ten (10) year periods. No transfer of responsibilities nor financial affairs were noted for the period audited, whereas, the Township's water operations and management may be turned over in part or total. Exact details of the transition were unavailable for neither assessment nor disclosure purposes.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

BESSEMER AREA SEWER AUTHORITY

Bessemer Township is a member of the Bessemer Area Sewer Authority, which was formed in 1985 by the City of Bessemer and Township of Bessemer, as a joint venture. The purpose of the Authority is to construct and operate a sewage disposal system in accordance with Act 233, Public Acts of Michigan, 1955 as amended. The BASA operates under a board of directors comprising of members from the two municipalities.

As a joint venture, the BASA operates independent from the member municipalities and is not considered a component unit of the Township. Separate financial statements of the BASA are available at the office of the BASA located at E7840 Stone Road, Bessemer, Michigan. A condensed summary of the BASA activities as of June 30, 2006, is as follows

Total Assets	\$8,069,353
Total Liabilities	\$2,440,798
Total Equity	\$5,628,555
Total Operating Revenues	\$ 308,014
Total Operating Expenditures	292,697
Total Non-operating Expenses	107,201
Net Decrease in Equity	(\$ 91,884)
Total Authority debt is as follows:	
Current	\$ 88,798
Long Term	2,352,000
Total Debt	\$2,440,798

All BASA debt is expected to be paid by the revenues of the authority. On June 17, 1987 issued \$1,700,000 of Sewage Disposal System No. 1 Bonds (Limited Tax General Obligation) pursuant to Act 233, Public Acts of Michigan, 1955, as amended. The Authority has entered into a contract with each of the constituent municipalities whereby the municipalities have each pledged its limited tax full faith and credit for the payment of the municipality's share of the obligation. The municipalities will be required to levy ad valorem taxes within applicable constitutional and statutory limitations on all taxable property within their boundaries to the extent necessary to make the payments required to pay principal and interest on the bonds if other funds for that purpose are not available. Bonds are payable in annual installments due on May 1 of each year with interest installments at the annual rate of 5% a year, due on May 1 and November 1 of each year.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

On May 11, 1998, a second Sanitary Sewage Disposal System Revenue Bonds of \$1,237,000 bearing an annual interest rate of 4.5% were issued. The same payment dates as above apply to this issuance. Since the Authority has been able to fulfill their payment obligations with revenues charged its customers, no debt payment schedules are disclosed.

POWDERHORN AREA UTILITY DISTRICT

Bessemer Township is a member of the Powderhorn Area Utility District (PAUD), which was formed on December 11, 2001 as a municipal authority under provisions of Act 233 of Public Acts of Michigan, 1955, as amended. The municipalities forming the District were the Charter Township of Ironwood and Township of Bessemer, as a joint venture. The District was formed for the purpose of acquiring, building, owning, extending, improving, operating, maintaining, repairing and administering a sewage disposal and water supply system. PAUD operates under a board of directors consisting of three members, one appointed by the Township Board and two from the Township of Ironwood. PAUD operates independent from the member municipalities and is not considered a component unit of the Township. Separate financial statements of the District are available through their representative located at PO Box 455, Ramsay, MI. A condensed summary of the Authority's activities for the year ended September 30, 2006, is as follows:

Total Assets	\$ 6,872,937
Total Liabilities	\$ 4,596,384
Total Equity	\$ 2,276,553
Total Operating Revenues	\$ 30,278
Capital Contributions	\$ 303,683
Total Operating Expenditures	\$ 40,528
Total Non Operating Revenues	\$ 28,516
Net Increase in Equity	\$ 321,949
Authority debt is as follows:	
Current	\$ 817,137
Long Term	3,779,247
Total Debt	\$ 4,596,384

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

All debt of the Authority is expected to be paid by the revenues of the authority. At September 30, 2006, plant construction was 85% complete. Total project costs have been estimated at \$7,881,250. Funding consists of \$6,500,000 bonds and \$1,000,000 of grants from USDA-Rural Development, along with a state grant of \$381,250. Customers began connecting to the system in 2006. The project is expected to be fully completed in 2007 and all customers are expected to be connected.

On October 14, 2004, the District issued Sewage Disposal System No. 1 Limited Tax General Obligation Bonds, Series 2004A and 2004B for \$5,598,000 and \$902,000, respectively. They both bear an interest rate of 4.5%. They were single bonds purchased by USDA-Rural Development. At September 30, 2006 the outstanding balances were \$2,654,600 for the series 2004A bond, and \$886,000 for series 2004B.

The member municipalities of the District have entered into a financing contract with the District. Under terms of the contract, the member municipalities are responsible to pay the District amounts sufficient to cover the costs of financing the construction. Bessemer Township percentage of allocation is 26.8%.

GOGEBIC RANGE SOLID WASTE MANAGEMENT AUTHORITY

Bessemer Township is a member of the Gogebic Range Solid Waste Management Authority, which was created on August 6, 1987 by the Cities of Bessemer and Wakefield, and the Townships of Bessemer, Ironwood, and Marenisco as a joint venture. The purpose of the Authority is to construct and operate a solid waste transfer services to its members, other municipalities and the general public. The Authority was organized in accordance with Act 233, Public Acts of Michigan, 1955 as amended. The Authority operates under a board of directors comprised of members from the constituent municipalities.

The Authority operates independent from the member municipalities and is not considered a component unit of the Township. Separate financial statements of the GRSWMA are available at the office of the GRSWMA located on US 2, Ironwood, Michigan.

A condensed summary of the GRSWMA activities as of June 30, 2006, is as follows:

Total Assets	\$1,075,063
Total Liabilities	\$ 429,067
Total Equity	\$ 645,996

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Total Operating Revenues	\$ 655,551
Total Operating Expenditures	\$ 693,438
Total Non-operating Expenses	<u>\$ 6,940</u>
Net Decrease in Equity	<u>(\$ 44,827)</u>

Total Authority debt is as follows:

Current	\$ 122,167
Long Term	<u>306,900</u>
Total Debt	<u>\$ 429,067</u>

The Authority issued \$476,000 in Solid Waste Disposal System Bonds No. 1, Series 2003, in the fall of 2003 in defraying improvement costs and refinance existing indebtedness, whereas, only \$354,900 were utilized, allowing for the unused balance to be applied against the outstanding bond issuance. Bonds are payable in annual installments due on February 1 of each year with interest installments at the annual rate of 4.5% a year, due on February 1, and August 1 of each year. As of June 30, 2006, the Authority had \$323,900 in bonds outstanding.

The Authority has entered into a contract with each of the constituent municipalities whereby the municipalities have each pledged its limited tax full faith and credit for the payment of the municipality's share of the obligation. The municipalities will be required to levy ad valorem taxes within applicable constitutional and statutory limitations on all taxable property within their boundaries to the extent necessary to make the payments required to pay principal and interest on the bonds if other funds for that purpose are not available. The Township pro-rata share would be approximately 15% of the outstanding bond balance. The Authority has been able to meet all their prior years' debt retirement payments with operating receipts.

NOTE K - ACCOUNTS PAYABLE

The General Fund's accounts payable were for normal expenditures. The Board awarded a repair contract prior to year end in the amount of \$17,400 and the settlement of a tax appeal case in the amount of \$24,266 (See Note S- Subsequent Events) are also reflected in the financial statements as outstanding liabilities as of March 31, 2007.

The Proprietary Fund account payable balances were for normal expenditures at year-end.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE L - COMPENSATED ABSENCES

Employees are covered under a collective bargaining agreement. An employee shall be entitled to five days of vacation after 1 year of complete service. After two years of completed employment, the employee earns 7 vacation days. After five years of completed service, the employee shall be entitled to 11 days. Furthermore, each employee shall be entitled to 3 personal days per year. Two employees had earned \$1,326 in accrued annual and personal leave benefits as of March 31, 2007. Furthermore, employees are allowed to accumulate one sick day per month and can accumulate up to and not to exceed forty (40) days in their sick leave only for the purpose of sick leave use only. Both employees had accumulated sick leave benefits of \$4,780 as of March 31, 2007.

NOTE M – LONG-TERM DEBT

A summary of the changes in long-term debt for the year ended March 31, 2007, is as follows:

	<u>Balance at March 31, 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at March 31, 2007</u>
Lease Purchase Agreement	\$42,365	\$	\$8,086	\$34,279
Revenue Bond payable	391,500		5,500	386,000
Compensated absences	1,164	4,942		6,106
	<u>\$435,029</u>	<u>\$4,942</u>	<u>\$13,586</u>	<u>\$426,385</u>

Lease Purchase Agreement

The Township entered into a municipal lease purchase agreement in the acquisition of a tractor and loader. The Township arrangement was to finance \$53,900, with annual payments of \$11,532 due on September 22nd at 7.25% interest rate, with a final purchase option of \$5,000. Interest is being accrued as of March 30, 2007. Repayment schedule is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$9,087	\$2,445	\$11,532
2009	9,743	1,789	11,532
2010	10,449	1,083	11,532
2011	5,000		5,000
	<u>\$34,279</u>	<u>\$5,317</u>	<u>\$39,596</u>

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Enterprise Fund Revenue Bonds Payable

Enterprise fund revenue bonds payable consist of the following debts:

1. Sewer System Mortgage Revenue Bonds \$194,000 issued August 28, 1995, bearing interest at 4.50%. Payments On May 15 and October 29, with final maturity on October 29, 2035.	\$180,000
2. Sewer System Mortgage Revenue Bonds \$223,000 issued February 11, 1997, bearing interest at 4.50%. Payments On May 15 and October 29, with final maturity on October 29, 2035.	206,000
	<u>\$386,000</u>

Revenue Bonds

On August 28, 1995, the Township issued \$194,000 in Sewage Disposal System Revenue Bonds to partially finance the cost of acquiring and constructing the sewage system. The bonds bear interest at the rate of 4.5% per annum, which is payable semi-annually on May 15 and October 29 of each year. As of March 31, 2007, \$180,000 of the bonds remained outstanding as follows:

Debt service charges until maturity are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,000	\$ 8,033	\$11,033
2009	3,000	7,897	10,897
2010	3,000	7,763	10,763
2011	3,000	7,627	10,627
2012	3,000	7,493	10,493
2013	4,000	7,335	11,335
2014	4,000	7,155	11,155
2015	4,000	6,975	10,975
2016	4,000	6,795	10,795
2017	5,000	6,592	11,592
2018	5,000	6,368	11,368
2019	5,000	6,142	11,142
2020	5,000	5,918	10,918
2021	6,000	5,670	11,670

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	6,000	5,400	11,400
2023	6,000	5,130	11,130
2024	6,000	4,860	10,860
2025	7,000	4,567	11,567
2026	7,000	4,253	11,253
2027	7,000	3,937	10,937
2028	8,000	3,600	11,600
2029	8,000	3,240	11,240
2030	8,000	2,880	10,880
2031	9,000	2,498	11,498
2032	9,000	2,092	11,092
2033	10,000	1,665	11,665
2034	10,000	1,215	11,215
2035	11,000	743	11,743
2036	<u>11,000</u>	<u>247</u>	<u>11,247</u>
	<u>\$180,000</u>	<u>\$144,090</u>	<u>\$324,090</u>

Bonds are subject to redemption prior to maturity on any interest payment date in inverse numerical order.

These revenue bonds are self-liquidating bonds and are not a general obligation of the Township of Bessemer, but are payable solely from the revenues of the system.

On February 11, 1997, the Township issued \$223,000 in Sewage Disposal System Revenue Bonds to partially finance the cost of acquiring and constructing the sewage system. The bonds bear interest at the rate of 4.5% per annum, which is payable semi-annually on May 15 and October 29 of each year. As of March 31, 2007, \$206,000 of the bonds remained outstanding as follows:

Debt service charges until maturity are as follows:

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 3,500	\$ 9,191	\$ 12,691
2009	3,500	9,034	12,534
2010	3,500	8,876	12,376
2011	3,500	8,719	12,219
2012	3,500	8,561	12,061

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

<u>Year Ending March 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3,500	8,404	11,904
2014	3,500	8,246	11,746
2015	4,500	8,066	12,566
2016	4,500	7,864	12,364
2017	4,500	7,661	12,161
2018	4,500	7,459	11,959
2019	5,500	7,234	12,734
2020	5,500	6,986	12,486
2021	6,500	6,716	13,216
2022	6,500	6,424	12,924
2023	6,500	6,131	12,631
2024	7,500	5,816	13,316
2025	7,500	5,479	12,979
2026	7,500	5,141	12,641
2027	7,500	4,804	12,304
2028	7,500	4,466	11,966
2029	8,500	4,106	12,606
2030	9,000	3,716	12,716
2031	9,000	3,308	12,308
2032	10,000	2,880	12,880
2033	11,000	2,408	13,408
2034	11,000	1,813	12,813
2035	12,000	1,395	13,395
2036	12,000	855	12,855
2036	<u>13,000</u>	<u>293</u>	<u>13,293</u>
	<u>\$206,000</u>	<u>\$172,052</u>	<u>\$378,052</u>

Bonds are subject to redemption prior to maturity on any interest payment date in inverse numerical order. These revenue bonds are self-liquidating bonds and are not a general obligation of the Township of Bessemer, but are payable solely from the revenues of the system.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE N - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The Township provides water and sewage services through four enterprise funds. Segment information as of March 31, 2007, follows:

	Water Fund	West End Sewer Fund	Anvil Sewer Fund	Ramsay Sewer Fund
Operating revenues	\$263,524	\$27,195	\$24,655	\$56,343
Total operating and Administrative exp	\$205,470	\$22,554	\$ 7,638	\$15,951
Depreciation expense	\$ 1,539	\$ 200	\$19,564	\$24,770
Operating income(loss)	\$ 56,515	\$ 4,441	(\$2,547)	\$15,622
Non-operating revs/(exp)	15,740			
Restrictive donations/grants	0	0	0	0
Operating transfers	0	0	0	0
Tax revenues	0	0	0	0
Increase (decrease) in Net Assets	\$72,255	\$ 5,162	(\$ 7,872)	\$ 9,127
Current capital contrib.	0	0	0	0
Increase (decrease) in fixed assets	\$ 25,341	0	0	0
Long-term debt payable from operating revenues	0	0	\$180,000	\$206,000
Net Assets				
Unrestricted (deficit)	\$64,618	\$39,598	\$133,768	\$99,203

NOTE O - CONTINGENT LIABILITY

The Township has entered into various contracts with the Gogebic Range Water Authority whereby the Township has agreed to pay a substantial share of periodic payments of principal and interest on revenue bonds issued by the Authority for construction of a water supply system to serve two local units. The obligation of the Township is limited to the amount that the periodic payments may exceed the revenue or other income of the system. The total extent the Township may be liable for cannot be readily determined since additional improvements are being undertaken and additional assurances are being made. It is expected that the future revenues of the system will not be sufficient to pay annual debt payments. Amounts transferred to the Authority for annual debt payments, bond reserve requirements, and administrative fees are as follows:

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

Year ended March 31, 1987	\$ 31,865
March 31, 1988	14,058
March 31, 1989	18,273
March 31, 1991	21,851
March 31, 1992	19,723
March 31, 1993	23,430
March 31, 1994	23,430
March 31, 1996	22,493
March 31, 1997	22,493
March 31, 1998	25,773
March 31, 1999	32,802
March 31, 2000	28,116
March 31, 2001	43,117
March 31, 2002	56,187
March 31, 2003	68,003
March 31, 2004	49,328
March 31, 2005	54,065
March 31, 2006	57,608
March 31, 2007	<u>53,846</u>
Totals to date	\$666,461

The above payments are being expense in the period the contributions have been paid.

The Township has also entered into contracts with the Bessemer Area Sewer Authority to pledge its limited tax full faith and credit for the payment of the municipality's share of the outstanding bond indebtedness. It is anticipated that the revenues of the system will be sufficient in making the debt retirement payments as they are become payable.

The Township has become a joint member with Ironwood Township in forming the Powderhorn Area Utility District (PAUD) to seek a remedy to failing septic systems located in the Powderhorn area. Engineering studies have been completed and project was let on bids. See Note J regarding Joint Ventures. It is intended that the Powderhorn Area Utility District will be self-sufficient, relying on special assessments and rate charges to fund the improvements and future operations.

The Township has made a commitment to Gogebic Range Solid Waste Management to pledge its limited tax full faith and credit in the retirement of debt obligations. The amount of bonds authorized for issuance amounted to \$476,000 for equipment upgrades and improvements as of October 31, 2003. The Township would be responsible for up to 15% or \$71,000. GRSWMA past debt retirement payments have been satisfied by operating revenues and has not requested financial assistance from the Township.

TOWNSHIP OF BESSEMER
NOTES TO FINANCIAL STATEMENTS
March 31, 2007

NOTE P - RISK MANAGEMENT

The Township is exposed to various risks of losses related to torts; theft or, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township has obtained coverage from commercial insurance companies. The Township has comprehensive general liability coverage of \$1,000,000 per occurrence and a \$3,000,000 aggregate limit, with no deductible amount.

All risk management activities are accounted for in the General Fund and Enterprise Funds of the Township. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. See Note S – Subsequent Events to recognize a negotiated tax settlement agreed upon and recognized by the Michigan Tax Tribunal. Otherwise, no other matters were present which would require recognition in the financial statements of the Township. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five years.

NOTE Q – OPERATING LEASE

On September 1, 2003, The Township entered into an agreement with the Gogebic Range Water Authority to lease office space located in the township hall. This is an operating lease whereby either party may terminate the lease at will. The lease calls for the Authority to pay a monthly rent of \$300. The lease effective date began on January 1, 2004.

NOTE R – STATE CONSTRUCTION CODE ACT INFORMATION

During the year ended March 31, 2007, the Township collected construction code service fees of \$4,400 and spent \$4,951 for enforcing the code. Because the fee structure is not intended to recover the full cost of enforcement and the Township has the ability to track the full costs and revenues, a separate fund has not been created to account for these monies. In prior years, the Township spent more for enforcing the code than it collected in fees.

NOTE S – SUBSEQUENT EVENTS

The Township received word that a tax appeal case filed on behalf of Enbridge Energy was settled for the tax years 2003 through 2007. All parties including the Michigan Tax Tribunal agreed that the taxable values were overstated for the above tax years and that the Township would be liable to repay \$24,266 in overpaid taxes and interest assessed for taxes previously collected. The financial statements, General Fund accounts payable reflects only the Township's responsibility of the agreed upon settlement amount as of March 31, 2007.

REQUIRED
SUPPLEMENTAL
INFORMATION

TOWNSHIP OF BESSEMER
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE- BUDGET TO ACTUAL
GENERAL FUND
Year ended March 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES				
Taxes	\$263,719	\$263,719	\$278,006	\$14,287
Other taxes	33,550	33,550	11,993	(21,557)
Tax administrative fees	18,600	18,600	24,708	6,108
Licenses and permits	3,500	3,500	4,400	900
Rentals			2,975	2,975
Federal shared revenues			3,244	3,244
State shared revenues	106,803	106,803	107,895	1,092
Charges for services	21,300	21,300	22,943	1,643
Interest	2,500	2,500	20,520	18,020
Other revenue	1,000	1,000	4,452	3,452
	<u>\$450,972</u>	<u>\$450,972</u>	<u>\$481,136</u>	<u>\$30,164</u>
EXPENDITURES				
Legislative	\$65,000	\$58,900	\$69,833	(\$10,933)
General government	224,470	224,270	186,225	38,045
Public safety	34,750	33,750	31,618	2,132
Public works	205,850	211,950	139,928	72,022
Recreation and culture	14,200	14,200	3,851	10,349
Other	51,500	51,500	23,709	27,791
	<u>\$595,770</u>	<u>\$594,570</u>	<u>\$455,164</u>	<u>\$139,406</u>
EXCESS OF REVENUES OVER (EXPENDITURES)	(144,798)	(143,598)	25,972	169,570
OTHER FINANCING SOURCES (USES)				
Transfers to/from other funds				
EXCESS OF REVENUES EXPENDITURES) AND OTHER FINANCING USES	(\$144,798)	(\$143,598)	\$25,972	\$169,570
Fund Balance at 3/31/2006	577,414	577,414	577,414	
FUND BALANCE MARCH 31, 2007	<u>\$432,616</u>	<u>\$433,816</u>	<u>\$603,386</u>	<u>\$169,570</u>

The accompanying notes are an integral part of the financial statements.

OTHER
FINANCIAL
INFORMATION

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF REVENUES AND OTHER FINANCING SOURCES
BUDGET AND ACTUAL
For the Year ended March 31, 2007

<u>REVENUES</u>	<u>Budgeted Amounts</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Taxes:				
Current property taxes	\$263,719	\$263,719	\$278,006	\$14,287
Delinquent property taxes	23,000	23,000	945	(22,055)
Commercial forest reserve	10,500	10,500	10,994	494
Swamp taxes	50	50	54	4
Tax administrative fees	18,600	18,600	24,708	6,108
Total taxes	\$315,869	\$315,869	\$314,707	(\$1,162)
Federal shared revenues			3,244	3,244
State shared revenues	106,803	106,803	107,895	1,092
Licenses and permits	3,500	3,500	4,400	900
Charges for services	21,300	21,300	22,943	1,643
Rent			\$2,975	\$2,975
Miscellaneous	\$1,000	\$1,000	4,452	3,452
Interest income	2,500	2,500	20,520	18,020
	\$3,500	\$3,500	\$27,947	\$24,347
TOTAL REVENUES	\$450,972	\$450,972	\$481,136	\$30,164
Other financing sources-Transfer from other funds				
TOTAL REVENUES AND OTHER FINANCING SOURCE	\$450,972	\$450,972	\$481,136	\$30,164

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
LEGISLATIVE				
Township Board:				
Salaries			\$4,980	
Office supplies			3,101	
Communications			4,157	
Professional fees			9,427	
Printing and publishing			1,600	
Insurance			22,599	
Miscellaneous			393	
Subscriptions and dues			1,537	
Contributions			2,800	
Charge backs			19,239	
TOTAL LEGISLATIVE	\$65,000	\$58,900	\$69,833	(\$10,933)
GENERAL GOVERNMENT				
Supervisor:				
Salary			\$15,000	
Per diem			120	
Fringe benefits			6,304	
Office supplies			104	
TOTAL SUPERVISOR	\$22,625	\$22,625	\$21,528	\$1,097
Election:				
Wages			\$529	
Office supplies			178	
Publications			244	
Miscellaneous			56	
TOTAL ELECTION	\$2,400	\$2,400	\$1,007	\$1,393
Assessor:				
Wages			\$9,000	
Equipment			1,655	
TOTAL ASSESSOR	\$12,200	\$12,000	\$10,655	\$1,345

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Clerk:				
Salary			\$20,000	
Deputy clerk			46	
Per diem			120	
Fringe benefits			4,155	
Supplies			435	
Transportation			43	
TOTAL CLERK	\$28,995	\$28,995	\$24,799	\$4,196
BOARD OF REVIEW	\$1,200	\$1,200	\$1,050	\$150
Treasurer:				
Salary			\$20,000	
Deputy treasurer			56	
Per diem			640	
Fringe benefits			1,872	
Office supplies			1,188	
Contract cost			4,578	
TOTAL TREASURER	\$30,250	\$30,250	\$28,334	\$1,916
Township Properties:				
Wages			\$21,071	
Supplies			5,942	
Utilities			22,722	
Repair & maintenance			14,190	
Transportation			4,636	
Miscellaneous			237	
Capitol outlay			30,054	
TOTAL TOWNSHIP PROPERTIES	\$126,800	\$126,800	\$98,852	\$27,948
TOTAL GENERAL GOVERNMENT	\$224,470	\$224,270	\$186,225	\$38,045

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
PUBLIC SAFETY				
Public Safety:				
Fire:				
Wages			\$12,705	
Supplies			954	
Repair & maintenance			1,795	
Uniform/safety equipment			4,711	
Dues and subscriptions			2,601	
Miscellaneous				
TOTAL FIRE	\$24,500	\$24,500	\$22,766	\$1,734
PROTECTION				
INSPECTIONS	\$6,000	\$5,000	\$4,951	\$49
ZONINGS	\$4,250	\$4,250	\$3,901	\$349
TOTAL PUBLIC	\$34,750	\$33,750	\$31,618	\$2,132
SAFETY				
PUBLIC WORKS				
Street & Sidewalks:				
Wages			\$3,532	
Supplies			377	
Street lights			17,100	
Repair & maintenance			5,022	
Miscellaneous			41	
Capitol outlays			36,889	
TOTAL STREET &	\$119,150	\$119,150	\$62,961	\$56,189
SIDEWALKS				

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF BESSEMER
MAJOR GOVERNMENTAL FUND-GENERAL FUND
STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL
For the year ended March 31, 2007

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Solid Waste and Public Works:				
Wages			\$22,621	
Fringe benefits			22,965	
Supplies			4,118	
Miscellaneous			1,220	
Transportation			9,708	
Tipping fees			16,335	
TOTAL SOLID WASTE	\$86,700	\$92,800	\$76,967	\$15,833
 TOTAL PUBLIC WORKS	 \$205,850	 \$211,950	 \$139,928	 \$72,022
 RECREATION & CULTURE				
Parks:				
Wages			\$3,211	
Supplies			548	
Utilities			92	
TOTAL RECREATION & CULTURE	\$14,200	\$14,200	\$3,851	\$10,349
 Other:				
Payroll taxes	\$14,500	\$14,500	\$12,177	\$2,323
Debt service:				
Principal			8,086	(8,086)
Interest			3,446	(3,446)
Miscellaneous	37,000	37,000		37,000
TOTAL OTHER	\$51,500	\$51,500	\$23,709	\$27,791
GRAND TOTALS	\$595,770	\$594,570	\$455,164	\$139,406

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
COMBINING STATEMENT OF NET ASSETS
PROPRIETARY FUND TYPES
March 31, 2007

	<u>Water</u>	<u>West End Sewer</u>	<u>Anvil Sewer</u>	<u>Ramsay Sewer</u>	<u>Totals</u>
ASSETS					
Current Assets:					
Cash	\$50,053	\$40,713	\$96,426	\$62,095	\$249,287
Accounts receivable-net	60,304	2,206	8,064	15,449	86,023
Due from other funds	5,429	1,448	32,051	24,710	63,638
Supplies inventory (cost)	18,068				18,068
Prepaid expenses	166		140	152	458
Total Current Assets	134,020	44,367	136,681	102,406	417,474
Non-current Assets:					
Restricted cash			11,534	27,533	39,067
Capital assets	166,750	2,000	780,947	973,416	1,923,113
Accumulated depreciation	(127,678)	(1,500)	(204,889)	(630,482)	(964,549)
Total Non-current Assets	39,072	500	587,592	370,467	997,631
TOTAL ASSETS	\$173,092	\$44,867	\$724,273	\$472,873	\$1,415,105
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$16,171	\$1,829	\$167	\$57	\$18,224
Accrued wages/taxes	1,444	14	46	54	1,558
Accrued interest payable			2,700	3,092	5,792
Current maturity on LT Debt			3,000	3,500	6,500
Total Current Liabilities	17,615	1,843	5,913	6,703	32,074
Non-current Liabilities:					
Due to other funds	51,787	2,926			54,713
Bonds payable			180,000	206,000	386,000
Less current portion on LT Debt			(3,000)	(3,500)	(6,500)
TOTAL LIABILITIES	69,402	4,769	182,913	209,203	466,287
Investment in capital assets, net of related debt	39,072	500	396,058	136,934	572,564
Restricted			11,534	27,533	39,067
Unrestricted	64,618	39,598	133,768	99,203	337,187
TOTAL NET ASSETS	103,690	40,098	541,360	263,670	948,818
TOTAL LIABILITIES AND NET ASSETS	\$173,092	\$44,867	\$724,273	\$472,873	\$1,415,105

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
PROPRIETARY FUND TYPES
March 31, 2007

	<u>Water</u>	<u>West End Sewer</u>	<u>Anvil Sewer</u>	<u>Ramsay Sewer</u>	<u>Totals</u>
Operating revenues:					
Sales to customers	\$252,866	\$27,195	\$24,655	\$56,343	\$361,059
Other revenues	10,658				10,658
Total Operating Revenues	\$263,524	\$27,195	\$24,655	\$56,343	\$371,717
Operating expenses					
Water purchased/contract cost	\$87,867	\$19,417	\$	\$	\$107,284
Depreciation	1,539	200	19,564	24,770	46,073
Wages and taxes	26,804	1,078	2,476	3,564	33,922
Transportation	3,361	784	784	672	5,601
Insurance	4,683	484	2,686	2,900	10,753
Utilities	6,961	146	1,204	4,791	13,102
Miscellaneous		30	30	24	84
Operating supplies/maintenance	9,114	315	158	3,700	13,287
Total Operating Expenses	140,329	22,454	26,902	40,421	230,106
Administrative expenses					
Wages and taxes	\$6,997				\$6,997
Contracted services	1,400	\$300	\$300	\$300	2,300
Office expenses	1,605				1,605
Publications/dues	568				568
Training	694				694
Miscellaneous	1,570				1,570
Contributions –GRWA	53,846				53,846
TOTAL OPERATING AND ADMINISTRATIVE EXPENSES	\$207,009	\$22,754	\$27,202	\$40,721	\$297,686
INCOME (LOSS) FROM OPERATIONS	56,515	4,441	(2,547)	15,622	74,031
Non-operating revenues (expenses):					
Debt service/Tap in fees	14,964			525	15,489
Interest income	775	720	2,796	2,269	6,560
Interest expense			(8,121)	(9,288)	(17,409)
Changes in Net Assets	\$72,254	\$5,161	(\$7,872)	\$9,128	\$78,671
Net assets at March 31, 2006	31,436	34,936	549,232	254,543	870,147
NET ASSETS AT MARCH 31, 2007	\$103,690	\$40,097	\$541,360	\$263,671	\$948,818

The accompanying notes are an integral part of the financial statements

TOWNSHIP OF BESSEMER
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES

March 31, 2007

	<u>Water</u>	<u>West End</u>	<u>Anvil</u>	<u>Ramsay</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers/transfers	\$247,188	\$27,202	\$62,156	\$52,103	\$388,649
Payments to suppliers	(205,037)	(20,582)	(4,840)	(44,572)	(275,031)
Payments to employees	(34,319)	(1,063)	(2,430)	(2,510)	(40,322)
Net Cash Provided (Used) By Operating Activities	7,832	5,557	54,886	5,021	73,296
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Tap in or debt service proceeds	14,964			525	15,489
Purchase of capital assets	(25,341)				(25,341)
Principal paid on bonds payable			(3,000)	(2,500)	(5,500)
Interest paid on bonds payable			(8,121)	(9,288)	(17,409)
Net Cash Provided (Used) for Capital and Related Financing Activities	(10,377)		(11,121)	(11,263)	(32,761)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received on investments	775	720	2,796	2,268	6,560
Net Cash Provided (Used) by Investing Activities	775	720	2,796	2,268	6,560
Net Increase (Decrease) in Cash	(1,770)	6,277	46,561	(3,974)	47,094
Cash and Cash Equivalents 3/31/06	51,823	34,436	61,399	93,602	241,260
CASH /CASH EQUIVALENTS, 3/31/ 2007	\$50,053	\$40,713	\$107,960	\$89,628	\$288,354
Reconciliation of operating income (loss) to Net Cash Provided from Operating Activities:					
Operating income (loss)	\$56,515	\$4,441	(\$2,547)	\$15,622	\$74,031
Adjustments to reconcile income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,539	200	19,564	24,770	46,073
(Increase) decrease in:					
Account receivable	(16,336)	7	1,920	(4,240)	(18,649)
Due from other funds	12,753	8,488	38,483	(410)	59,314
Inventory	(14,659)				(14,659)
Accrued interest receivable	100				100
Prepaid expenses	1,910	484	343	263	3,000
(Decrease) increase in:					
Accounts payable	3,084	211	25	(781)	2,539
Accrued payroll/taxes	(518)	15	46	54	(403)
Accrued interest			(46)	(37)	(83)
Due to other funds	(36,556)	(8,289)	(2,902)	(30,220)	(77,967)
Total Adjustments	(48,683)	1,116	57,433	(10,601)	(735)
Net Cash provided by Operating Activities	\$7,832	\$5,557	\$54,886	\$5,021	\$73,294

The accompanying notes are an integral part of the financial statements

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Supervisor and Members of the Board
Township of Bessemer
Ramsay, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bessemer as of and for the year ended March 31, 2007, which collectively comprise the Township of Bessemer basic financial statements and have issued our report thereon dated July 24, 2007. We conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Township of Bessemer's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing the audit, we considered the Township of Bessemer's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted one matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions are described as follows:


2005-2 Inventory

The Township's staff will need to take a comprehensive physical inventory of all assets held and/or owned by the Township and determine if the individual items can be reconciled to the master listing being maintained by the Township Clerk. While the Township's Clerk listing has been updated for additions, actual physical counts from all departments will need to be performed annually allowing for accurate reconciling procedures to be accomplished. Current physical inventory of all departments have not been accomplished.

The Township does not have a complete nor accurate listing of all assets held by the Township to allow for adequate accounting and in providing insurance protection against various potential types of losses.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no other matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses except as described above.

This report is intended solely for the use of management and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which, upon acceptance by the Members of the Board, is a matter of public record.


Roger J. Kolehmainen PC
Certified Public Accountant

July 24, 2007